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United States Senate

COMMITTEE ON THE JUDICIARY

WASHINGTON, DC 20510-6275

October 3, 2014

The Honorable Jack Lew
Secretary
Department of Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Secretary Lew:

The Department of Justice's Bureau of Prisons (BOP) supervises over 214,000 inmates in 121 different institutions. The BOP supervises everything from security to providing inmates with basic necessities but coordinates the supervision of inmate trust fund accounts with the Treasury Department. In 2000, the BOP and Treasury Department outsourced their management of inmate trust funds to the Bank of America. According to the Center for Public Integrity (CPI), since then, the Treasury Department has paid Bank of America a total of \$76.3 million dollars. This original agreement, signed in 2000, has now been amended 22 times yet it has never been competitively bid and it is unclear how much money Bank of America has received from taxpayers and inmates as a result of this agreement.

On December 11, 2013, the Department of Justice Inspector General (DOJ IG) released a report raising concerns about increased costs within the BOP.¹ The report found that the BOP could account for 28% of DOJ's discretionary funding by FY 2018 unless efficiencies are found.² The IG also found that BOP's increasing budget threatened DOJ's "ability to fulfill its mission in other areas."³ As Congress appropriates money for the Federal prison system, we must be sure that the BOP is operating as efficiently as possible.

The procurement and contracting system is designed to help the Federal government operate more efficiently, reduce waste and fraud, and save taxpayer money. The Treasury Department's decision to repeatedly amend rather than competitively bid this arrangement raises significant questions. For example: Government contracting rules require vendors to report credible evidence of fraud and conflicts of interests to the agency's inspector general and the officer overseeing the contract. It is concerning that these requirements do not apply to financial agency agreements such as the one with Bank of America.

¹ Department of Justice, Office of the Inspector General, Top Management and Performance Challenges Facing the Department of Justice – 2013, December 11, 2013.

² *Id.*

³ *Id.*

To help Congress understand how this arrangement helps the American taxpayer, please provide:

1. All payments by the Treasury Department or Department of Justice, including user fees, paid to Bank of America or its subcontractors as a result of this agreement broken down by fiscal year.
2. A list of the amendments to the original agreement with Bank of America.
3. All financial agency arrangement safeguards against fraud and conflicts of interest.
4. A staff briefing on the Department of Treasury's financial agency agreement with Bank of America.

Thank you for your cooperation and attention in this matter. We would appreciate a response by October 17, 2014. If you have any questions, please do not hesitate to contact Chris Lucas at (202) 224-5225.

Sincerely,



Charles E. Grassley
Ranking Member
Committee on the Judiciary